

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 H-03 PA-04 PRS-01 USIA-15 INT-08 AGR-20 IO-14

FEA-02 DRC-01 /205 W

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R 181618Z SEP 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 5940

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E.O. 11652: N/A

TAGS: EFIN, VE

SUBJECT: VENEZUELAN NATIONAL BUDGET FOR 1975

REF: CARACAS 8427

1. MINISTRY OF FINANCE REVEALED THAT VENEZUELAN BUDGET FOR 1975, TO BE SUBMITTED TO CONGRESS OCTOBER 2, PROVIDES FOR EXPENDITURES TOTALING BS. 39.5 (\$9.2 BILLION) COMPARED TO 1974 BUDGET OF BS. 14.6 BILLION (\$3.4 BILLION). WHILE FINAL BREAKDOWN OF BUDGET HAS NOT YET BEEN COMPLETED BY EXECUTIVE BRANCH, IT HAS BEEN REPORTED THAT BS. 13.3 BILLION IS SLATED FOR VENEZUELAN INVESTMENT FUND; BS. 1.2 BILLION FOR EXPANSION OF VENEZUELAN CORPORATION OF GUAYANA, (INCLUDING SIDOR STEELWORKS, ALUMINUM PRODUCTION AND MINING DEVELOPMENT) BS. 3.1 BILLION FOR PUBLIC WORKS; BS. 3.8 BILLION FOR EDUCATION; BS. 1.6 BILLION FOR HEALTH AND BS. 2.5 BILLION FOR AGRICULTURE (INCLUDING SUBSIDIES).

COMMENT: IT SHOULD BE NOTED THAT AMOUNT OF BUDGET ALLOTTED TO VENEZUELAN INVESTMENT FUND HAS BEEN SCALED DOWN OVER THE LAST SEVERAL WEEKS. INITIALLY IT WAS REPORTED THAT THE FUND WOULD BE BS. 19 BILLION; LATER THE HEAD OF THE FUND REPORTED TO EMBOFF

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THAT IT WOULD BE ABOUT BS. 15 AND NOW IT IS REPORTED IN THE BUDGET

TO BE BS. 13.3 BILLION.

3. DRAMATIC INCREASE IN LEVEL OF BUDGET REFLECTS GREATLY EXPANDED REVENUES ANTICIPATED AS A RESULT OF INCREASED OIL PRICES. MAIN PROBLEM FACING GOVERNMENT IS HOW TO ABSORB INCREASED REVENUE IN NON-INFLATIONARY MANNER AND YET SATISFY ASPIRATIONS OF VARIOUS SECTORS OF ECONOMY WHO VIEW OIL REVENUE AS MEANS OF GREATLY IMPROVING WELFARE OF THE COUNTRY AS A WHOLE. SUBSIDIES TO AGRICULTURE SECTOR HAVE BEEN USED BY GOVERNMENT AS MEANS OF MAINTAINING PRICE CONTROLS ON BASIC FOODSTUFFS FOR CONSUMERS WHILE EASING COST BURDEN TO PRODUCERS. GOVERNMENT HAS REITERATED ITS DETERMINATION NOT TO REVALUE BOLIVAR AGAINST DOLLAR AS MEANS OF COMBATING IMPORTED INFLATION. HOWEVER, IF DOLLAR GYRATES TOO WILDLY AGAINST VALUE OF OTHER CURRENCIES THERE REMAINS POSSIBILITY THAT VENEZUELA WOULD ELECT TO FLOAT AGAINST DOLLAR.
FISHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FUND ALLOTMENT, BUDGETS, FOREIGN INVESTMENTS, MULTINATIONAL CORPORATIONS, EXECUTIVE BRANCH, CENTRAL LEGISLATURE
Control Number: n/a
Copy: SINGLE
Draft Date: 18 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CARACA09221
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740262-0061
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740936/aaaabemb.tel
Line Count: 77
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: CARACAS 8427
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 23 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 SEP 2002 by kelleyw0>; APPROVED <03 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VENEZUELAN NATIONAL BUDGET FOR 1975
TAGS: EFIN, VE
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005